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C O N F I D E N T I A L SECTION 01 OF 03 BAKU 000936

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SUBJECT: AZERBAIJAN FM SAYS PROGRESS ITH TURKMENISTAN,
TURKEY

Classified By: Ambassador Anne E. Derse, Reasons 1.4 (b,d)

11. (C) SUMMARY. In July 19 and July 24 conversations, FM Mammadyarov said that gas transit talks with Turkey would begin soon, and that Deputy Foreign Minister Khalaf Khalafov's recent trip to Turkmenistan was encouraging. He supported the idea of a TEP "under a NATO IPAP chapeau," and accepted in principle the offer of a EUCOM technical team to travel to Baku in late August to provide a briefing to the MFA, saying he would provide a final ok after completing international coordination. He said that the Greek and Azerbaijani governments would soon sign an Energy MOU, but not before the end of July. Mammadyarov said that international pressure on President Aliyev to pardon journalists had 'backfired,' and that he personally didn't think that the GOAJ should "bow to international pressure" by granting such pardons. END SUMMARY.

12. (U) On July 19 and July 24 Ambassador met with FM Mammadyarov to deliver two demarches on Iran and the Nuclear Terrorism Convention (septels). They also discussed a wide range of other pending issues, as follows.

GOT-IRI ENERGY MOU

13. (C) Mammadyarov said that he suspected GOT's announcement of energy cooperation with Iran was a "bluff" by Energy Minister Guler, in response to the South Stream announcement and in order to better its negotiating position with both Russia and Azerbaijan. Initial SOCAR analysis of the deal was that Iran would not have sufficient gas ready for export to meet these commitments in the timeframe mentioned. Additionally, the existing pipeline going from Iran to Turkey had a capacity, insufficient for the additional volumes mentioned in the MOU.

GOT GAS TRANSIT TALKS

14. (C) On July 24 Mammadyarov told the Ambassador that he had already been contacted by the GOT after the July 22 elections to accept the GOAJ's proposal to commence gas transit talks. Mammadyarov said talks will start "soon," although the GOAJ has not yet made a final decision as to what entity would take the lead for Azerbaijan. President Aliyev will decide this week when he returns from vacation. Mammadyarov presumed that Energy Minister Guler would lead the talks for the GOT.

15. (C) During the July 19 meeting Mammadyarov said that Economic Development Minister Babayev had told Mammadyarov he had "good, positive talks" with his Greek interlocutors during his July 6 visit to Athens. Babayev went to Greece equipped with a strong message from President Aliyev about Azerbaijan's willingness to provide gas to Greece and the Greeks had expressed their readiness to buy Azerbaijani gas. On July 24 Mammadyarov said a signing of the bilateral agreement establishing energy cooperation would not be possible before the end of July since "President Aliyev was on vacation, Economic Development Babayev is on vacation, and everyone in Greece is on vacation."

16. (C) Mammadyarov said that Babayev told him the Greeks put forward an idea of having a Heads of State summit among the countries involved with TGI and/or Nabucco, sponsored by the IEA. This summit would conclude with a signed statement of political support, much like the November 1999 ceremony in Istanbul where the Presidents of Azerbaijan, Turkey and Georgia signed an agreement on transportation of crude oil through the BTC. Mammadyarov told the Ambassador he liked the idea of the conference being "under the IEA chapeau." However, when the Ambassador on July 24 broached about the possibility of an European Union vice IEA 'chapeau' for this meeting, Mammadyarov was equally enthusiastic, suggesting it would be good to give EC President Barroso the chance to host this summit, which could be held in Brussels or Vienna. Mammadyarov also said that the GOAJ was contemplating a bilateral gas supply-related MOU with OMV in Austria, to "shore up Nabucco," and that SOCAR was still pursuing the

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possibility of becoming a Nabucco partner. The Ambassador confirmed that Iranian investment in Nabucco would preclude U.S. support.

TEP

17. (C) Ambassador Derse gave the FM the TEP and the copy of the talking points from the security dialogue which DOD had given to DFM Araz Azimov in Washington. Mammadyarov asked "if the Armenian lobby in the US would allow" such a program for Azerbaijan. The Ambassador said the USG was considering the factors that would allow a TEP program to go forward. The Ambassador pointed out that the USG would wish to see GOAJ troops trained under such a program work with NATO in Afghanistan. Mammadyarov agreed, saying he liked the idea of TEP, which could help reform the military. On July 24 Mammadyarov re-affirmed his support for this program, adding he would have to discuss it with the President. He asked the U.S. to consider how the TEP could be done "under the NATO IPAP chapeau." He agreed Ambassador Derse should discuss the issue with President Aliyev when they next meet. Mammadyarov agreed in principle to the visit of a technical team to Azerbaijan in late August to brief the MFA and MOD on technical aspects of TEP, saying he would provide a reply after completing internal coordination.

BILATERAL SECURITY DIALOGUE

18. (C) The Ambassador also reminded Mammadyarov that the USG was looking for MFA comments on the draft next steps coming out of the just-concluded Bilateral Security Dialogue. Additionally, Embassy needed a copy of the final National Security Concept in English, so it could respond to the GOAJ's request for comments. Mammadyarov said it would be useful for the Embassy to brief DFM Azimov on our security assistance programs.

TURKMENISTAN

¶9. (C) On July 19 Mammadyarov said that GOTX FM Rashid Meredov was a "hostage of his past, unable to shake off his Soviet-era mindset or act independently without instruction from the President. Mammadyarov said that he made a proposal to Meredov when they were both recently in Tehran for the Caspian Summit whereby the two countries would sign a statement signifying their joint approval in general of the Median Line concept, while leaving details to later negotiations. Mammadyarov said such a document would be a good signal to Iran, since at that point four of the five littoral countries would have agreed to the concept of a Median Line. Although Meredov told Mammadyarov in Tehran that he would think about it, on July 24 Mammadyarov told the Ambassador that during DFM Khalafov's just-concluded trip to Ashgabat the GOTX still seemed "afraid" of the idea of such an agreement, saying that the two countries should just settle the issue "all at once." The GOTX still objected to drawing a median line based on the Absheron Peninsula, although in general Mammadyarov said that in Caspian delimitation talks Khalafov got the sense that the GOTX "wasn't protesting as much" as they normally do, which he took as a sign of progress. Overall, DFM Khalafov had told Mammadyarov that he had seen "good signals" and made "small steps forward" in his just-concluded trip to Ashgabat.

¶10. (C) DFM Khalafov told Mammadyarov that the GOTX FM had expressed his support for a Trans-Caspian pipeline, saying that the GOTX President supported it as Turkmenistan is a sovereign country. Concerning the opening of the GOTX Embassy in Baku, Meridov has told the GOAJ that "it will happen very soon," although Mammadyarov mused to the Ambassador that the GOTX bureaucracy might move somewhat slowly in this regard. During the July 24 meeting, Mammadyarov asked for Ambassador Hoagland's help in encouraging the GOTX to send a Charge D'Affaires to Baku as quickly as possible. The Ambassador said she would relay this request. Khalafov had reported that the GOAJ and GOTX have also begun exchanging ideas on the agenda for the first meeting of their new joint commission.

CFE

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¶11. (C) The Ambassador told Mammadyarov that the CFE had been a cornerstone of stability in Europe since 1991, and that the USG was disappointed with Russia's broaching the possibility of suspending its participation. In light of DFM Azimov's comments that the GOAJ may reconsider its participation, she strongly encouraged the GOAJ not to do so.

USTDA GRANT

¶12. (C) Responding to the draft USTDA Grant Proposal relating to a Trans-Caspian pipeline from Kazakhstan, Mammadyarov said that he liked the idea but needed a few more days to gather GOAJ thoughts and discuss it with President Aliyev when he returns from vacation. Mammadyarov said he thought it likely that a signing during A/S Sullivan's mid-August visit to Baku would be possible.

DEMOCRACY/HR DIALOGUE

¶13. (C) Mammadyarov commented on a few issues from the "follow-up" list from the Mach 2007 democracy dialogue. He said he was against the idea of parity (between opposition and ruling party) on Electoral Commissions, saying such parity would result in "chaos," since no oppositionist could be fair. Rather, he personally liked the idea of independent representatives comprising the commissions.

¶14. (C) Concerning the staffing of 55 Azerbaijani judges who

had taken the judicial exam in 2005, Mammadyarov said it was his impression that it had been done. The Ambassador said that this was also the President's impression, but the Justice Minister had told her that such staffing might occur at the end of July.

¶15. (C) Concerning the public pressure for the President to pardon imprisoned journalists in conjunction with the July 22 National Press Day, the FM said it was a mistake to put such public pressure on President Aliyev, as such a move would backfire. The Ambassador pointed out that in her public statements she has stressed both sides of the equation, i.e. the need for Azerbaijani media to behave responsibly and the need for the GOAJ to support freedom of speech and media despite occasional media excesses. The FM said it was unfair to compare media rights in the US to those in Azerbaijan, or to expect that within five years Azerbaijan to have a media environment "like Holland's." The Ambassador underscored that the media situation in Azerbaijan was deteriorating. Change is not expected overnight, but progress, not backtracking, is necessary. She repeated her offer to the MFA to let her know how the USG can help with this issue. The FM urged more training of journalists.

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